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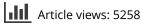
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The EU controls FIFA and UEFA: a principal-agent perspective

Arnout Geeraert and Edith Drieskens

ABSTRACT This article demonstrates that the European Union (EU) can curtail the autonomy of the Fédération Internationale de Football Association (FIFA) and the Union of European Football Associations (UEFA) by building upon insights from the principal-agent model. It explores and explains the EU's control over these organizations by mapping the actors and instruments that define EU control of FIFA and UEFA and discussing their activation and mitigation. In this light, it introduces a new perspective (exogenous control) and instrument (steering). Whether or not the EU deploys the control instruments at its disposal is defined by a constant interplay between FIFA and UEFA, their political and football principals and their EU supervisors. Activating and mitigating control within this triangular set-up will dictate whether or not FIFA and UEFA can expect their autonomy to be curtailed if and when they break from good governance practices.

KEY WORDS Control; exogenous control; football governance; mitigation; principal-agent; steering.

1. INTRODUCTION

Good governance in sport is a condition for the autonomy and self-regulation of sport organisations. (European Commission 2011: 10)

[S]ports bodies that do not have in place good governance procedures and practices can expect their autonomy and self-regulatory practices to be curtailed. (European Union Expert Group on Good Governance 2013: 3)

At first sight, the suggestion that the European Union (EU) can curtail the autonomy of international sport organizations in response to a lack of good governance seems a Quixote-like delusion, particularly in relation to the Fédération Internationale de Football Association (FIFA) and the Union of European Football Associations (UEFA) – the world governing body of football and the organization responsible for organizing football competition at the European level respectively. It contradicts both anecdotal and research evidence of FIFA's and UEFA's roles in the governance of football. Practitioners and academics generally see these organizations as largely autonomous and very powerful, if not omnipotent. Especially FIFA is thought to constitute a different world, falling largely outside of the orbit of regulation (García and Meier 2013; Pielke 2013; Pieth 2014). The European Union (EU) seems to play in a lower league in sports governance. True, EU law has had a significant impact on the functioning of FIFA and UEFA (Parrish 2003; Weatherill 2006), but the EU only has weak competences in the field of (international) sport as well as a relatively young policy.¹

By introducing a novel perspective on control, however, this article demonstrates the validity of the suggestion that the EU can limit the autonomy of FIFA and UEFA. Relying on insights from the principal-agent (PA) model, this article explores and explains the EU's control over these organizations. It defines and illustrates the instruments that the EU can and does use to control FIFA and UEFA, as well as the activation of these controls. In addition, it discusses how both these organizations cope with the EU's supervising presence by pointing at different ways of mitigation. By introducing this dual perspective on control, and by integrating the literature on lobbying (García 2007; García and Meier 2012; García and Weatherill 2012), EU sports regulation (Parrish 2003; Weatherill 2006) and more recent contributions on policy interventions in sport (Geeraert 2014a) within a holistic (PA) framework, this article makes an original contribution to the emerging (though still largely under-theorized) literature on the EU as an actor in international sports. Also, it contributes to the mainly endogenously oriented PA literature on control by introducing a new perspective (exogenous control) and a new control instrument (steering).

Importantly, this article does not focus on the *degree* of control, but answers the question 'which actors and instruments define EU control of FIFA and UEFA?'. This perspective allows for circumventing the often-cited problem of observational equivalence (Pollack 2002). Moreover, it allows an analysis of FIFA and UEFA within the same framework. These organizations have different roles and responsibilities within the context of European football governance, and chances are high that they are subject to different degrees of EU control. Nonetheless, the EU employs similar instruments to control both these organizations and FIFA and UEFA use the same instruments to mitigate control.²

The analysis proceeds as follows. Section 2 investigates the implications of applying the PA model to the complex world of football governance both in terms of limitations and opportunities. Section 3 explores the two routes that the EU uses to control FIFA and UEFA: the EU law route and the EU sports policy route. It maps the EU's control instruments and explains their underlying dynamics by bringing the PA literature into conversation with the more traditional governance literature on steering. Section 4 maps the different scenarios that result in EU control of FIFA and UEFA. Moving the focus from *exerting* control to *mitigating* control, Section 5 explores the coping behaviour of FIFA and UEFA. The final section summarizes the main findings and explores the way forward. This article builds upon primary (EU legal and policy documents) and secondary literature (academic literature on the EU and sport). A limited number (12) of élite interviews with key officials from EU institutions, EU member states and football governance (FIFA, UEFA and stakeholder

organizations) were conducted from August 2012 to September 2013 to verify findings.

2. THE EU'S ENGAGEMENT WITH FIFA AND UEFA: PRINCIPALS, AGENTS AND SUPERVISORS

In recent years, the PA model has whittled its way into the governance literature (Héritier and Lehmkuhl 2008), yet to date its applications do not include international sports governance. In relation to European football governance, this comes as both a surprise and something expected. It comes as a surprise because the relationship between the EU and international sport organizations has been characterized by a marked tension between the large autonomy these organizations claim and have enjoyed for a very long time and the control that the EU has exerted over them, particularly since the mid-1990s (Geeraert *et al.* 2014). Autonomy and control are defining elements of a PA relationship, which is traditionally conceptualized as a *contractual* relationship between 'two (or more) parties when one, designated the agent, acts for, on behalf of, or as a representative for the other, designated the principal, in a particular domain of decision problems' (Ross 1973: 134).

At the same time, the lack of application to European football governance is no real surprise because of the complexity of and variety between (contractual) relationships. Two agents – FIFA and UEFA – represent a heterogeneous group of principals, which largely fall into two sub-groups.³ The first group clusters together football principals, including national football federations, clubs, players, fans and players' agents; the second brings together political principals, namely national public authorities. As a result, the application of the PA model to the case of European football governance implies moving beyond the dyadic PA model characterized by one agent representing one principal, and incorporates indirect and implicit types of delegation.⁴

Importantly, this does not mean that the world of European football governance is without textbook applications of the PA model. But they are the exception, not the rule. A classic case is the relationship between national football federations and both FIFA and UEFA. This relationship is characterized by a direct form of delegation and an explicit contract. Assuming the role of 'proximate principal' (Nielson and Tierney 2003: 249), national football federations delegated the task of organizing international competition to FIFA and UEFA in 1904 and 1954 respectively.⁵ As PA analysis predicts, these organizations have tried (and managed) to expand their mandate (Hawkins and Jacoby 2006: 212).⁶ This expansion can be explained against the background of an incomplete contract, in particular by the inability of the national football federations to evaluate and foresee (at the time of delegation) contingencies such as the enormous commercialization of football (cf. Niemann and Huigens 2011: 432).7 In this context, one should also mention that, even if they do not qualify as proximate principals, European élite football clubs seem to enjoy proximate powers. They have an important leverage over UEFA since they can opt for an alternative form of organization. Most significantly, in 1998 these clubs planned to set up a highly profitable European Super League competition outside of UEFA's structures.⁸

Besides the case of national football federations, most delegation relationships in the world of European football governance are rather diffuse in nature. Firstly, delegation from football principals to FIFA and UEFA is *indirect* in the sense that it takes place through a chain of delegation: individual players form clubs, clubs form national federations to organize competition, and national federations create FIFA and UEFA. Yet the relationships of FIFA and UEFA with these actors can also be seen as examples of *direct* delegation. Clubs and players are forced to delegate regulatory tasks in order to acquire the licenses necessary to compete in FIFA- and UEFA-sanctioned competitions. Likewise, players' agents must obtain a license and thus delegate regulatory authority to FIFA. Also, the direct delegation relationship between football fans and FIFA and UEFA can be seen as one between buyers (principals) who delegate the delivery responsibility to sellers (agents) (Ross 1973). Fans are buyers and FIFA/UEFA-controlled agencies are sellers of services, for instance tickets to football events.⁹ Secondly, delegation and contracting to FIFA and UEFA by political principals is *implicit* in nature. These principals demonstrate 'a tacit or explicit tolerance' of the agents' regulatory activities on their behalf (Héritier and Lehmkuhl 2008: 5). Important examples are the selection procedures for host countries for major football events, in which national governments (rather than national federations) de facto compete against each other, and the organization of football competition.¹⁰

The PA literature offers valuable insights for dealing with this complex reality by pointing at the possibility of informal and implicit contracts (Hawkins et al. 2006: 7) and chains of delegation (Nielson and Tierney 2003). However, it also raises important questions, notably in relation to the explanatory value of the model used. The complexity of our case (including multiple principals and agents, as well as several chains of delegation) is likely to reduce the explanatory value of the PA model in respect to both the degree of autonomous agency behaviour and the degree of control exercised by principals (cf. Damro 2007). Focus here, though, does not dwell on PA analysis to define, measure or explain certain degrees of control or slack (i.e., independent action by an agent that is undesired by the principal). Rather, it focuses on actors and instruments of control. As a result, the PA model is used as a heuristic framework for cutting through the inherent complexity of organizational relationships (Elgie 2002: 190; Tallberg 2003: 139). At the same time, the (networks-inspired) PA literature does suggest that complexity should not be seen as problem, but rather as an inevitable reality. Waterman and Meier, for instance, write that a classic dyadic PA relationship is 'unrealistic' as it rules out 'externalities' (1998: 178). In a similar vein, Shapiro argues that the political system should be understood as a 'complex network' of PA relationships in which 'actors concurrently play principal and agent roles' (2005: 271). According to Coen and Tatcher, analysing such networks necessitates a move away from an exclusive

focus on formal acts of delegation, as well as taking account of 'exogenous factors' such as 'external coercion' (2008: 53).

Within an EU context, Tallberg (2000, 2003) offers a practical response to this complexity by extending the basic PA model with a 'supervisor'. His work demonstrates how EU member state governments delegate the tasks of monitoring and enforcing compliance with EU law and policies to the Commission and the Court of Justice of the European Union (CJEU). The Commission and the CJEU act as supervisors, who delegate (as principals) the execution of policies, decisions and rulings to the individual member states (as agents) (Tallberg 2003: 26). This observation is particularly relevant for the present purposes. Echoing these dynamics, this article will show that the Commission and the CJEU can use some of the powers delegated to them by member states to supervise FIFA and UEFA, even though these lie outside their original mandates.¹¹ Put differently, principals' control of FIFA and UEFA is complicated by chains of delegation and implicit and incomplete contracts, but the EU is able to supervise FIFA and UEFA in line with the preferences of some of these principals. A principal who lacks control mechanisms over its agent can thus rely on a third party to control this agent. This control is exogenous in nature because it goes beyond mechanisms intrinsic to the PA relationship.

3. THE CJEU AND THE COMMISSION AS SUPERVISORS FOR FIFA AND UEFA

This section explores the instruments the CJEU and the Commission as supervisors have at their disposal for controlling FIFA and UEFA as well as their underlying logics. In this role, the CJEU and the Commission are both agent (of the member states) and principal (of FIFA and UEFA). Acting as principals, they can delegate the execution of policies and/or decisions/rulings to both FIFA and UEFA and use control instruments to push them towards compliance (cf. Tallberg 2003: 26).¹² Whereas the literature has thus far focused predominantly on legal interventions by the EU in sport (Geeraert 2014a: 304), a fair evaluation of EU control reveals that the EU can and does use two routes to control the behaviour of FIFA and UEFA: the EU law route and the EU sports policy route (see Table 1). Each route incorporates three controlling instruments, namely monitoring, sanctioning and steering.

3.1. The EU law route

The first way in which the EU can control FIFA and UEFA is through the enforcement of EU law by the CJEU and the Commission. The reason is that sports rules issued by international sport organizations often fall within the realm of the EU's internal market competence, most directly in relation to freedom of movement and competition law (Parrish 2003). The CJEU has mainly built upon the principle of freedom of movement when dealing with sport cases.¹³ By contrast, competition law has mainly had an impact on international

	EU law route	EU sports policy route
Monitoring	Commission monitors compliance with EU law and rulings	Commission monitors compliance with policies
Sanctioning	CJEU and the Commission may abolish sports rules	EU legislative actors can issue legislation in a limited number of areas which would impact FIFA and UEFA
Steering	Commission bargains with FIFA and UEFA regarding EU law	Commission uses non-hierarchical instruments to influence FIFA and UEFA's conduct

Table 1 The control instruments in the EU law route and the EU sports policy route

sport organizations because of the far-reaching powers of the Commission as public enforcer.

3.1.1. Monitoring

After *Bosman* (cf. *supra*), the Commission started closely monitoring FIFA's actions with regard to its player transfer system; it even studied the possibility of starting an official investigation (García 2008: 111). This behaviour is in line with its competences and responsibilities. As guardian of the Treaties, the Commission must ensure that both the provisions of the Treaties and the decisions of the institutions are implemented. Consequently, it closely monitors FIFA and UEFA's compliance with EU law and is committed to explain 'on a theme-per-theme basis' the relation between EU law and international sports rules (European Commission 2011: 11). Also, as public enforcer of competition law, the Commission is empowered to investigate whether FIFA and UEFA's practices (qualifying as both undertakings and associations of undertakings) comply with the Treaty provisions on competition policy. This in turn requires that the Commission monitors both organizations' compliance with competition law.

The PA literature reveals two strategies in relation to monitoring: *police patrol*, where the principal engages in continuous and detailed vigilance of the agent and, by its surveillance, discourages agency slack; and *fire alarm*, where the principal relies on third parties for information on (undesired) agent behaviour (McCubbins and Schwartz 1984). When actions or rules from FIFA and UEFA are in question, the Commission's monitoring role falls within the category of police patrol. Yet the Commission may also become aware of infringements of EU (competition) law through third parties. For instance, organized interest groups can inform the Commission of incompliant behaviour. Football principals have all formed representative organizations, which are increasingly active on the European stage. Football, moreover, is a high-profile sport in the EU, meaning that the Commission can also depend on news media, insiders

or even academics for information on non-compliance by FIFA and UEFA. This indirect monitoring constitutes a fire alarm monitoring mechanism.

3.1.2. Sanctioning

According to PA literature, sanctions can take a variety of forms (Calvert *et al.* 1989; Pollack 1997). Within the context of the EU law route, both the CJEU and the Commission can deploy a classic form of sanctions, namely overruling agency actions. More specifically, the CJEU (as enforcer of private rights) and the Commission (as public enforcer of competition law) can sanction incompliance with EU law and abolish a sports rule by taking judicial and quasi-judicial decisions respectively.¹⁴ Their treatment of several sport cases has resulted in a body of jurisprudence and regulatory practice.¹⁵ The Court's rulings in *Donà*,¹⁶ *Bosman* and *Bernard*¹⁷ prompted the abolition or prohibition of certain rules imposed by FIFA and/or UEFA restricting football players' freedom of movement. The Commission's decisions in the *1990 FIFA World Cup*¹⁸ and the *1998 FIFA World Cup*¹⁹ cases gave fans a better access to tickets for football matches.

3.1.3. Steering

A review of its regulatory practice in football cases reveals that bargaining is the Commission's first response to incompliant behaviour, aiming to remedy nonobservance of EU law before using formal decisions to sanction FIFA and UEFA. A number of cases (in addition to the already mentioned *FIFA transfer system* case) can be cited wherein FIFA or UEFA amended its rules after bargaining with the Commission during an infringement procedure. In the *UEFA Champions League* case,²⁰ UEFA agreed to amend its joint selling arrangements of media rights for the European club championship, resulting in more choice for football fans between football media providers. The 2006 World Cup case²¹ generated better access for fans to football world cup tickets. Finally, the *Piau* case²² prompted FIFA to improve the flexibility of its rules governing the profession of football agents. These are all examples of *agency steering*.

In the governance literature, steering pertains to the shaping of agents' relatively free actions in accordance with a number of 'general procedural standards and substantial goals' (Sørensen and Torfing 2009: 246). It is thus a non-hierarchical form of governance, based on deliberate compliance (Kooiman 1993). Compliance is either achieved by bargaining (including mutual concessions) or by persuasion, which may include arguing, sharing best practices, goal creation and providing (financial) incentives (Borzel 2010: 196; Héritier and Rhodes 2011). Thus far, PA scholars have not made the connection between this concept and the components of the PA model, even though it is often an implicit element of police patrol monitoring.²³ Steering occurs in conventional interplays between monitoring and (threats of) sanctions when a principal does not actually use sanctions to induce compliant behaviour, but tries to change the actions of an agent in a pre-defined direction through bargaining or persuasion. Steering is thus more involved than monitoring because the principal tries to limit the leeway its agent enjoys *after* delegation has taken place, moving the *de facto* behaviour of the agent in the direction of *more perfect* representation. In this light, the (implicit) threat of sanctions in the case of incompliant behaviour casts a 'shadow of hierarchy' over the principal's steering efforts: a credible threat of sanctions in the case of incompliant behaviour (*in casu* overruling through a Commission decision) creates the incentive for agents to change their behaviour (Héritier and Rhodes 2011; Scharpf 1994).²⁴

3.2. EU sports policy route

The EU sports policy route is an emerging means of control because the EU was only given an explicit competence in this field by way of the Lisbon Treaty, which entered into force in December 2009. However, as the EU was only given a supporting and co-ordinating competence, EU policy-making in sport has remained limited to the use of non-hierarchical instruments.²⁵ The Commission has, to date, issued two important Communications in relation to sport: the 2007 White Paper on Sport, and the 2011 Communication on Developing the European Dimension in Sport. They prove the basis for all EUrelated activities in the field of sport. Practice shows that both the Council and the Parliament set out priorities in resolutions and even request policy measures from the Commission. At the same time, as a result of the EU's limited sporting competence, the Council ultimately defines the EU's sports policy. Perhaps unsurprisingly, owing to the more formal settings in which the Council operates in sport matters in the post-Lisbon era, it has become a much more active player (see, most recently, Council of the European Union [2014]). The Parliament plays an important budgetary role (including in the adoption of incentive measures), but its remaining presence is largely informal owing to a lack of use of the ordinary legislative procedure in actual policymaking.

3.2.1. Monitoring

By closely following the actions of both FIFA and UEFA with regard to the policy themes important to the EU institutions, the Commission plays an important role in monitoring FIFA and UEFA. Examples include the social dialogue, the fights against the use of doping and match-fixing, the activities of sports agents and transfer rules (European Commission 2007, 2011). Like in the EU law route, the Commission can monitor in a direct manner (police patrol), discouraging agency slack via surveillance, or it can rely on third parties to alert it to agency transgressions (fire alarm).

3.2.2. Sanctioning

Because FIFA and UEFA are based in Switzerland, thus literally outside the reach of harmonizing EU law, the EU has limited options for directly regulating these organizations. Yet it may issue legislation in certain areas, particularly the internal market, which would impact FIFA and UEFA. Put differently, it can

overrule FIFA and UEFA through legislation. It could, for instance, use its internal market competence to partly regulate the profession of football agents, which currently is the prerogative of FIFA. The scope for these sanctions remains rather limited, however. The reason is that the EU's competences only cover a limited range of FIFA and UEFA's activities. Importantly as well, sanctions lack political support, since the EU member states have diverse views on the appropriateness of public interventions in sport and they traditionally respect the autonomy of FIFA and UEFA to regulate football (García and Weatherill [2012]; Parrish [2003: 251]; see below). Thus, in the EU sports policy route, the use of sanctions remains a hypothetical option.

3.2.3. Steering

Given the limited likelihood of sanctions being imposed, the Commission has relied on steering to influence FIFA and UEFA's behaviour. For instance, the Commission's efforts at social dialogue in professional football are not limited to monitoring the actions of FIFA and UEFA. The Commission provides important financial resources, brings actors together, supports projects and studies, tries to reconcile differences and exercises a light form of pressure (Geeraert 2014a). These steering efforts resulted in an agreement signed by FIFA and UEFA that committed both bodies to aid the co-ordination and promotion of minimum requirements for standard football player contracts across European countries (Geeraert 2014b). By using non-hierarchical tools associated with persuasion, the Commission thus succeeded in bringing FIFA and UEFA's relatively free actions in accordance with the general policy goal of promoting social dialogue in football, which particularly benefits football players (European Commission 2007: 19, 2011: 12-13).²⁶

Intriguingly, the Commission's steering efforts have been successful in changing FIFA and UEFA's behaviour despite the absence of imminent sanctions. As noted, both governance and PA scholars suggest that the effectiveness of steering (here defined as the extent to which targeted agents deliberately comply with steering) largely depends on whether it operates under a shadow of hierarchy (Héritier and Rhodes 2011; Pollack 1997; Scharpf 1994). Under the EU law route, as mentioned, the shadow of hierarchy is clear. By contrast, under the EU sports policy route, sanctions do not frame the steering activities of the Commission, since the Commission cannot replace its non-hierarchical instruments with hierarchy. This does not mean that there is no shadow of hierarchy present. On the contrary, the shadow of hierarchy in the EU sports policy route extends the horizon of sanctions to the future, increasing the likelihood of sanctions in the long run. More specifically, incompliant behaviour may lead to less goodwill on the part of the Commission in the application of EU law to FIFA and UEFA (see S_4 in Table 2), and it may also increase the incentive of FIFA and UEFA's EU political principals (united in the Council) to control their agents, potentially resulting in increased regulatory activity in footballrelated areas (S₂ in Table 2). In addition, incompliance with steering in themes important to the Parliament may urge the latter to induce the

Scenario	Activation of EU control (monitoring, steering, sanctioning)	Mitigation by FIFA and UEFA	PA relationships*
S ₁	Football principals induce CJEU or Commission to control	Settling cases out of court, expanding sports arbitration, institutionalizing the consultation of football principals	CJEU or Commission
S ₂	Member states induce Commission to control	Lobbying (of member states) and threat of reprisals	Football principals FIFA/UEFA Commission
S ₃	European Parliament induces Commission to control	Lobbying (of Parliament)	Member states FIFA/UEFA Commission
S ₄	Commission supervises without being induced by political or football principals	Lobbying (of Commission, member states and/or Parliament)	Parliament FIFA/UEFA Commission

Table 2 The three scenarios for activating and mitigating EU control

Note: * Standard arrow indicates delegation/control, striped arrow indicates mitigation.

Commission to control (S₃ in Table 2). García (2007) notes in this regard that UEFA realized rather quickly that it is beneficial to have a constructive relationship with the EU, as it has an influence on the goodwill of the Commission with regard to the application of EU law to football.²⁷ Our interviews confirm this position and demonstrate that, for the same reasons, also FIFA has recently started investing in a constructive dialogue with the EU, in particular with the Commission.²⁸ Of course, both FIFA and UEFA are more inclined to comply with the Commission's steering activities on those topics where the EU holds a related competence, or when a particular rule or decision is under the Commission's scrutiny, since the shadow of hierarchy is stronger in such cases.

4. ACTIVATING CONTROL

This section explores how the toolbox of control instruments mapped in the previous section is activated. It presents four ideal-type controlling scenarios in which political and football principals delegate the task of controlling FIFA and UEFA to the EU supervisors (see Table 2).²⁹

In the first scenario (S_1) , the CJEU and the Commission control FIFA and UEFA because they are induced by football principals. In the EU law route, this occurs because principals lodge a formal complaint on the basis of EU law. In the EU sports policy route, football principals can induce the Commission to control FIFA and UEFA through less formal channels of influence like lobbying.

In the second scenario (S₂), the Commission exercises control on FIFA and UEFA because member states (united in the [European] Council)³⁰ call upon it to do so. The member states grant the Commission (their agent) a degree of leeway in fulfilling its role as supervisor of FIFA and UEFA, but they have options for controlling the institution, certainly given the context of a supporting EU sporting competence (Pollack 1997; Tallberg 2003: 137). The Council's increased calls for policy measures in the post-Lisbon era demonstrate that member states are exercising more control on the Commission, limiting the discretion it has thus far enjoyed in the EU sports policy route. Importantly, the member states' control over the Commission extends to the EU law route. As Niemann and Brand aptly observe, the Commission 'can act with some degree of autonomy in competition policy but certainly does not take its decisions in a *political vacuum*' (Niemann and Brand 2008: 98; emphasis added; see also Tallberg [2003: 137]).

In the third scenario (S_3), the Commission reacts to the Parliament's calls for increased supervision of FIFA and UEFA. Although the Parliament's control over the Commission in sport matters does not match that of the member states, its control options have increased since the Lisbon Treaty brought about an EU budget for sport-specific actions and the possibility of adopting incentive measures in accordance with the ordinary legislative procedure.³¹ The Parliament sets out priorities and requests policy measures in resolutions and reports. Practice shows that the Commission takes its opinion into account and there is a good interaction between the two institutions.³²

In the fourth scenario (S_4), the Commission autonomously decides to control FIFA and UEFA without prompt from FIFA and UEFA's political and football principals. Especially regarding sanctions, however, the Commission never operates fully autonomously from the member states. It therefore depends on the member states to achieve compliance, since they can, by expressing their support, extend the shadow of hierarchy cast over the Commission's steering efforts by increasing the likelihood of future sanctions in both the law route (Commission decisions in competition law cases) and the policy route (legislation in football-related areas). The next section puts the Commission's autonomy further into perspective by focusing on FIFA and UEFA's mitigating of control.

5. MITIGATING CONTROL

PA scholars have largely ignored agents' use of mitigating strategies *vis-à-vis* control (Hawkins and Jacoby 2006). Notable exceptions are Delreux and Kerremans (2010), who show how agents can weaken their principals' incentives to control. In a similar vein, Niemann and Huigens demonstrate that agents can achieve this, for instance, through 'manipulating' their principal's preferences by 'skilfully asserting themselves' (Niemann and Huigens [2011: 432]; see also Hawkins and Jacoby [2006: 212]). Extending this argument further, we show how FIFA and UEFA, who share autonomy as their key preference, can weaken the incentives of their (football and political) principals and supervisor (i.e., the Commission) to exert control.³³ Moreover, FIFA and UEFA can manipulate the preferences of the Parliament and the member states in order to decrease the supervisor's incentive to control. As a result, FIFA and UEFA mitigate control in each of the scenarios presented above (see Table 2).

Regarding the first control scenario (S_1) , FIFA and UEFA have employed three strategies to weaken their football principals' incentives to lodge a complaint on the basis of EU law: they have expanded the system of sports arbitration; settled cases out of the CJEU; and institutionalized the consultation of football principals. Firstly, FIFA has mitigated the proliferation of EU jurisprudence and regulatory practice by expanding sports arbitration, a system that enables the sports world to settle disputes according to its own laws (Foster 2003). The importance of sports arbitration has increased significantly after the establishment in 1983 of the Court of Arbitration for Sport (CAS). Ever since FIFA accepted its jurisdiction on 11 November 2002, the number of football disputes presented before the CAS increased dramatically (Wild 2012). The CAS provides football principals with a more cost-effective venue for control than the EU law route, since it is more flexible, less costly and allows for faster settlement. Football principals are thus more inclined to delegate control over FIFA and UEFA to the CAS (cf. Kiewiet and McCubbins, 1991: 27). Secondly, there have been two cases documented in which FIFA (and UEFA) settled matters out of Court rather than awaiting the CJEU's judgement: the *Oulmers*³⁴ and the *Balog*³⁵ cases. By settling these cases, FIFA and UEFA weakened players and clubs' incentive to control by offering them compensation. Finally, and in a similar vein, FIFA and UEFA have enfranchized (representative organizations of) football principals in their decision-making by involving them in consultative bodies, like UEFA's Professional Football Strategy Council and FIFA's Players' Status Committee, as well as in FIFA's Dispute Resolution Chamber³⁶ (García 2008: 228–9; Holt 2006: 116; Irving 2002: 220).

With regard to the second control scenario (S_2) , FIFA and UEFA's (implicit) threat of reprisals and lobbying has weakened the incentives of their 28 EU political principals to induce the Commission to control. Firstly, they can block countries (and their football clubs) from participating in international competitions or withdraw the privilege of hosting important events (García and Meier 2013; García and Weatherill 2012: 249; Kedzior and Szczepanik 2011: 212). As noted, acting contrary to FIFA and UEFA's preferences may also harm a country's future chances to host a football event. For this reason, Council Presidencies have been reluctant to include issues on the agenda that would enhance the EU's control, such as good governance in international sport organizations.³⁷ Secondly, FIFA and UEFA are known for their good and close contacts with national politicians, who seem to use football to win votes and even 'become football fans for political reasons'.³⁸ Likewise, national football federations often have strong ties with their national government, and FIFA and UEFA can capitalize on this (García and Weatherill 2012: 242; Niemann and Brand 2008: 98). Hence, FIFA and UEFA (supported by other international sport organizations) have sought and registered support from the EU heads of state and government for the idea that FIFA and UEFA deserve special treatment under EU law and that the EU institutions should respect their autonomy (European Council 2000, 2008).

With regard to the third control scenario (S₃), FIFA and UEFA can decide to lobby the Parliament, which has, in the past, repeatedly called on the Commission to increase control on football federations (García 2007: 208). UEFA, in particular, currently maintains close relationships with the (few) members of the European Parliament (MEPs) specializing in football in order to avoid such actions (García 2007: 213; Holt 2006: 63). Occasionally, UEFA even brings them together within the informal Parliamentary grouping 'Friends of European Football'. Given their authority, these MEPs often frame and determine the Parliament's official positions, as expressed in resolutions. Even though FIFA's lobbying is less structured, it has been able to capitalize on its good contacts with certain individual MEPs. In doing so, for instance, it convinced the Parliament not to issue a resolution on corruption within FIFA.³⁹

Finally, regarding the fourth control scenario (S_4) , FIFA and UEFA engage with the Commission in order 'to promote awareness of sporting exceptionalism' and their views in general and, thus, manipulate the Commission's preferences (García and Weatherill 2012: 242). A topical example regarding EU law is UEFA's Financial Fair Play regulations. To test the waters, UEFA discussed these rules with the Commission before finalization (European Commission and UEFA 2012).⁴⁰ A thematic example of mitigation in the field of policy, FIFA and UEFA participate (as observers) in the meetings of the Expert Groups on sport, which are organized by the Commission to inform the Council's future initiatives in the field of sport.

Importantly, FIFA and UEFA also mitigate the Commission's control in an indirect manner. They can manipulate the preferences of the Parliament and the member states in order to induce them to control the Commission with a view of limiting the latter's control over FIFA and UEFA. For instance, following lobbying by UEFA, the Parliament expressed its support for certain football rules that potentially infringe EU law (García 2007: 215). More importantly, lobbying of member states resulted in the politicization of public enforcement of competition law, which imposed the Commission's rather generous treatment of sport and football cases (Niemann and Brand 2008; Parrish 2003: 252; Weatherill 2003).⁴¹

6. CONCLUSION

This article demonstrates that while FIFA and UEFA may take a distant part in the orbit of regulation, they do not fall outside the EU's regulatory sphere. An exploration of the control instruments that the EU has at its disposal demonstrates that the CJEU and the Commission indeed have the capacity to curtail FIFA and UEFA's autonomy. In this light, it brought the Commission to the forefront, since it can deploy more control instruments (monitoring, sanctioning and steering) than the CJEU (sanctioning). Yet, as demonstrated, the Commission never truly operates autonomously of the member states and (to a lesser extent) the Parliament.

Mapping the scenarios for activating and mitigating EU control identifies how both control and mitigation can go beyond dyadic PA relationships. Regarding control, football and political principals who lack control instruments over FIFA and UEFA (their agents) can rely on a third party (the CJEU and/or the Commission, as supervisors) to control their agents on their behalf. With regard to mitigation, next to directly engaging with the Commission to mitigate its control, FIFA and UEFA manipulate the preferences of the Parliament and the member states to decrease the Commission's incentive to control. Similarly, by manipulating the preferences of football principals, FIFA and UEFA prevent their recourse to the CJEU and the Commission.

Whether or not the CJEU and the Commission can deploy the control instruments at their disposal is thus defined by a constant interplay between FIFA and UEFA, their principals and their supervisors. Activation and mitigation of control within this triangular set-up will dictate whether or not FIFA and UEFA can expect their autonomy to be curtailed if and when they break from good governance practices.

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NOTES

- 1 The Bosman ruling by the Court of Justice of the European Union's (CJEU) (Case C-415/93 [1995] ECR I-4921) is cited most often in this regard. In brief, the CJEU ruled that both the system regulating the international transfer of football players (as defined by FIFA and UEFA) and a quota system restricting the number of foreign players on a team violated the free movement of workers. 2 The relation between FIFA and UEFA falls outside the scope of this contribution.
- 3 The use of the PA model is justified by the fact that FIFA and UEFA fulfil a range of (specialised, co-ordinating, collaborating, agenda-setting and arbitrating) tasks on behalf of this group (Hawkins et al. 2006).
- 4 The literature acknowledges that a contract can be implicit in the sense that it is 'never formally acknowledged' (Hawkins et al. 2006: 7).
- 5 Nielson and Tierney define a proximate principal as a 'principal with the formal authority to hire, fire, or otherwise alter the agent's employment contract' (Nielson and Tierney 2003: 249). FIFA and UEFA's statutes constitute the contract in their relationship with national federations.
- 6 This is particularly the case for FIFA. This difference between FIFA and UEFA can be explained by a combination of a higher degree of heterogeneity among national football federations and a more limited amount of statutory options for control.
- 7 Incompleteness refers to the presence of 'gaps' in the contract, which means that there are 'states of nature for which no action or transfer is specified' (Spier 1992: 433). FIFA and UEFA's statutes can be conceived as incomplete contracts.
- 8 These plans were shelved when UEFA agreed to reform the Champions League at the benefit of European élite clubs (Holt 2006: 35).
- 9 See the competition law cases resulting in better access for fans to football cited below.
- 10 Including important parts of employment rules for football players. Note that in Walrave (Case 36/74 [1974] ECR 1405), the CJEU implicitly held that states delegate legislative powers to sport governing bodies (Interview, member of the Court of Justice of the European Union, 10 September 2013).

- 11 Because EU member states did not create the EU institutions to control FIFA and UEFA, the CJEU and the Commission cannot be seen as an 'institutional check' (Kiewit and McCubbins 1991: 33–4).
- 12 Note that official EU documents containing legal provisions, decisions/rulings and policies serve as formal contracts, even if they are not 'formally acknowledged' by the agents (Hawkins *et al.* 2006: 7).
- 13 An exception is *Meca-Medina* (Case C-519/04 [2006] ECR II-3291; see Weatherill [2006]).
- 14 This section only lists cases that are directly related to FIFA and/or UEFA. Note, however, that rulings and decisions that do not involve FIFA and/or UEFA can have an impact on these organization nonetheless. Because of the need for legal certainty and equality, the CJEU has been very reluctant to depart from its earlier case law and the Commission is committed to ensuring conformity in its regulatory practice.
- 15 The Commission's regulatory practice only constitutes a sanction when a decision is taken to abolish a certain sports rule.
- 16 Case 13/76 [1976] ECR 1333.
- 17 Case C-325/08 [2010] ECR I-02177.
- 18 COMP 33.384 and 33.378, 27 October 1992.
- 19 COMP 36.888, 20 July 1999.
- 20 COMP 37.398, 23 July 2003.
- 21 COMP 39.177, withdrawn.
- 22 COMP 37124, 16 April 2002. The CJEU upheld this decision in Case C-171/05 P *Piau v Commission* [2006] ECR I-37.
- 23 Rhodes and Visser (2011: 126) hint at steering, distinguishing 'goal setting' and 'incentive creation' as elements that are distinct from conventional control in PA relationships.
- 24 Football principals can steer FIFA and UEFA under the same shadow of hierarchy. Both clubs and players have obtained a number of concessions from FIFA and UEFA by threatening legal action on the basis of EU law (García 2008: 228; Irving 2002: 720; Meier and García 2013: 435).
- 25 Article 165 of the Treaty on the Functioning of the European Union gives the EU a formal role in the field of sport (García and Weatherill 2012). Policy-making in sport can, however, be initiated on the basis of other relevant articles. Hierarchical measures in relation to FIFA and UEFA thus remain a (hypothetical) option (see below).
- 26 Other (good governance related) examples of steering include the promotion of standards of good governance (European Commission 2011: 13) and best practices through Expert Groups (Council of the European Union 2011, 2014), as well as the funding of projects and studies that spread information and provide an impetus for persuasion.
- 27 See, most recently, the arrangement for co-operation between the Commission and UEFA (European Commission 2014).
- 28 Interview, European Commission administrator, 2 July 2013; Interview, member of the European Parliament, 10 July 2013; Interview, FIFA official, 1 October 2013; Interview UEFA official, 13 August 2012
- 29 As noted, (quasi-)judicial decisions do not have to be directly related to FIFA and UEFA in order to have an impact on them. For the sake of parsimony, this section only maps the scenarios that lead to direct EU control of FIFA and UEFA.
- 30 EU member states constitute 28 and, thus, only a fraction of FIFA and UEFA's political principals. Both FIFA (209 member federations) and UEFA (54 member federations) have a member base that goes well beyond the EU territory. The EU can,

however, control FIFA and UEFA on behalf of all their political principals and not only the EU member states.

- 31 The Commission thus operates in a world of 'more immediate and credible threat of sanctions' imposed by the Parliament (Tallberg 2003: 137).
- 32 Interview, member of the European Parliament, 10 July 2013.
- 33 Our interviews suggest that the influence of FIFA and UEFA and member states on the CJEU's rulings in sport is negligible.
- 34 Case C-243/06 [2006], withdrawn.
- 35 Case C-264/98 [2001], withdrawn.
- 36 The Dispute Resolution Chamber provides arbitration and dispute resolution on the basis of equal representation of players and clubs and an independent chairman.
- 37 Interview, member of the European Parliament, 10 July 2013.
- 38 Interview, former head of government, 11 July 2013.
- 39 Interview, member of the European Parliament, 10 July 2013.
- 40 In broad terms, these regulations introduce the break-even rule, which prevents professional football clubs from spending more than they earn (creating a more level playing field), and which constitutes a restrictive practice under EU competition law.
- 41 The proliferation of jurisprudence in football (and sport more generally) would empower the Commission since the latter has more leeway in relation to its member state principals when it draws on the support from the 'less constrained' CJEU (Tallberg 2003: 137).

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